

Solano County Board of Supervisors
Response to Grand Jury
September 2, 2008

Part II

Solano County Retirement Enhancement Plan

Issued June 25, 2008

Solano County Department of Human Resources and Board of Supervisors responses to the Grand Jury Report:

Finding #1

The Retirement Enhancement Plan provides for an automatic two percent increase each year for the life of the payments to participants and their beneficiaries. This automatic two percent benefit may place an expense burden upon the County in future years.

Department of Human Resources Response to Finding #1

The Human Resources Director does not agree with the finding that an automatic two percent benefit places an expense burden on the County.

Board of Supervisors Response to Finding #1

The Board of Supervisors concurs with the Department's response to the Grand Jury's Finding.

Recommendation #1

The Retirement Enhancement Plan should be amended to provide for a benefit increase equal to the annual increase in the Cost of Living Allowance (COLA) but not to exceed two percent in any one year.

Department of Human Resources Response to Recommendation #1

The two percent COLA acts to provide a reasonable annual adjustment to retired employees. Over the past 10 years, the cost of living has increased by 34.3%, or at an annual average of #.4%. The two percent COLA acts to provide minimal protection for retirees from larger increases in the cost of living.

Board of Supervisors Response to Recommendation #1

The Board of Supervisors concurs with the Department's response to the Grand Jury's Recommendation.

Finding #2

To be eligible for the Plan you must be a full-time employee. In a list of eligible participants provided by the County, dated October 5, 2007, two part time employees of

the County were listed as participants of Tier I. This is not consistent with the rules of the Plan.

Department of Human Resources Response to Finding #2

The Human Resources Director does not agree with the finding that coverage for part-time employees is not consistent with the rules of the Plan.

Board of Supervisors Response to Finding #2

The Board of Supervisors concurs with the Department's response to the Grand Jury's Finding.

Recommendation #2

The Department of Human Resources should correct this discrepancy and ensure that the list of eligible participants meets the standards of the Retirement Enhancement Plan.

Department of Human Resources Response to Recommendation #2

In adopting the documents establishing the PARS plan, Board Resolution No. 2002-187 stated:

"Adopt the PARS Trust, including the 2.7% @ 55 Supplemental Plan, Effective November 24, 2002, for at-will, exempt from Civil Service Employees in the Legislative, Executive, and Senior Management Group"

It was clearly the Board's intent to include all employees in the Legislative, Executive, and Senior Management Group(s) for inclusion in the PARS Plan. Neither the Board resolution nor the Plan Document makes a distinction between full-time or part-time employment.

However, for clarification purposes the Human Resources Director has contacted PARS to request the Plan Document be modified to remove any reference to full-time employees. Employees will receive credit for their service for PARS just as they receive credit for service under CalPERS. Part-time employment will be credited on a pro-rata basis based upon the hours worked.

Board of Supervisors Response to Recommendation #2

The Board of Supervisors concurs with the Department's response to the Grand Jury's Recommendation.

Finding #3

The Retirement Enhancement Plan was established by Solano County to attract and retain qualified management level employees. The Grand Jury could not determine, during our review and investigation, a definitive reason for including elected officials in this Plan.

Department of Human Resources Response to Finding #3

The Human Resources Director does not agree with the finding that elected officials should be excluded from the Plan.

Board of Supervisors Response to Finding #3

The Board of Supervisors concurs with the Department's response to the Grand Jury's Finding.

Recommendation #3

The Retirement Enhancement Plan should be revisited to determine if elected officials should continue to be participants. Elected officials are Officers and not employees of Solano County.

Department of Human Resources Response to Recommendation #3

Elected officials, like all other County employees, are covered by the same CalPERS retirement provisions, even though they are elected officials. By including those elected officials, the County ensures that all Legislative, Executive, and Senior Management Group members are treated uniformly in regard to previous CalPERS retirement credits and future PARS Plan benefits. Distinctions are not generally made between regular employees and elected officials regarding medical benefits, retirement, longevity and other benefits which are provided to regular employees pursuant to the Personnel and Salary Resolution.

Board of Supervisors Response to Recommendation #3

The Board of Supervisors concurs with the Department's response to the Grand Jury's Recommendation.